

PRELIMINARY OFFICIAL STATEMENT DATED JULY 16, 2021

**NEW ISSUE
BOND ANTICIPATION NOTES**

RATING: SEE "RATING" HEREIN

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal, as amended (the "Code"), alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters" herein.

The Notes WILL be designated by the Fire District as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.

**HARRISON WATER DISTRICT NO. 2 (FIRE PROTECTION DISTRICT NO. 2)
IN THE
TOWN OF HARRISON
WESTCHESTER COUNTY, NEW YORK

\$8,475,000
BOND ANTICIPATION NOTES, 2021
(the "Notes")**

Date of Issue: August 10, 2021

Maturity Date: August 10, 2022

The Notes are general obligations of the Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, Westchester County, New York (the "Fire District"), and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Fire District, subject to applicable statutory limitations (see "*Nature of Obligation*" and "*Tax Levy Limitation Law*" herein).

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company ("DTC").

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Fire District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Fire District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Fire District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "*Book-Entry-Only System*" herein).

Capital Markets Advisors, LLC has served as the Municipal Advisor to the Fire District in connection with the issuance of the Notes.

The Notes are offered subject to the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser(s) on the Date of Issue stated above.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE FIRE DISTRICT FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. FOR A DESCRIPTION OF THE FIRE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

Dated: July __, 2021

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**HARRISON WATER DISTRICT NO. 2
(FIRE PROTECTION DISTRICT NO. 2)
IN THE
TOWN OF HARRISON
WESTCHESTER COUNTY, NEW YORK**

RONALD BELMONT
Chairman of the Board of Fire Commissioners

BOARD OF FIRE COMMISSIONERS

Richard Dioniso Commissioner
Frank Gordan Commissioner
Lauren Leader Commissioner
Fred W. Sciliano Commissioner

Maureen Mackenzie Fire District Treasurer
Jacqueline Greer Fire District Clerk

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 487-9818

No dealer, broker, salesman or other person has been authorized by the Fire District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Fire District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Fire District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fire District since the date hereof.

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OFFICIAL STATEMENT

HARRISON WATER DISTRICT NO. 2 (FIRE PROTECTION DISTRICT NO. 2) IN THE TOWN OF HARRISON WESTCHESTER COUNTY, NEW YORK

relating to

**\$8,475,000
BOND ANTICIPATION NOTES, 2021
(the “Notes”)**

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, in the County of Westchester, in the State of New York (the “Fire District”, “Town”, “County” and “State,” respectively) in connection with the sale of \$8,475,000 Bond Anticipation Notes, 2021 (the “Notes”).

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Fire District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Fire District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

The Notes are general obligations of the Fire District and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Fire District, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein). The Notes will be dated and will mature, without option of prior redemption, as stated on the cover page hereof.

The Fire District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The Fire District’s contact information is as follows: Maureen MacKenzie, Fire District Treasurer, 1 Heineman Place, Harrison, NY, 10528, Phone: (914) 670-3081, Email: mmackenzie@harrison-ny.gov.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the Constitution and Laws of the State, including, among others, the General Municipal Law, Town Law, the Local Finance Law, and a bond resolution duly adopted by the Town Board, acting as the Board of Commissioners of the Fire District, on November 9, 2020 for an addition to the firehouse located at 206 Harrison Avenue and approved by the qualified voters of the Fire District on December 15, 2020. Proceeds from the sale of the Notes will be used to provide original financing for such purpose.

Optional Redemption

The Notes will not be subject to redemption prior to maturity.

Nature of Obligation

Each bond when duly issued and paid for will constitute a contract between the Fire District and the holder thereof.

Holders of any series of notes or bonds of the Fire District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the Fire District and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and the interest thereon as required by Section 100.00 of the Local Finance Law. For the payment of such principal and interest, the Fire District has power and statutory authorization to levy ad valorem taxes on all real property within the Fire District subject to such taxation by the Fire District, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments, fire districts and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities, including fire districts, and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Fire District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Fire District’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts (but not district corporations) in New York State, while not directly applicable to fire districts, is effectively applicable by Section 100.00 of the Local Finance Law and has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which

provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the noteholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations. It should be noted that these provisions do not by their terms apply to fire districts.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

Investors should note that these Constitutional provisions do not, by their terms, apply to fire districts; however, such cases do provide judicial interpretations of the faith and credit pledge which is required of fire districts by section 100.00 of the Local Finance Law.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for those Notes issued as book-entry-only notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for those Notes which bear the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users

of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the issuer, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the Fire District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Fire District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Fire District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Fire District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Fire District believes to be reliable, but the Fire District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE FIRE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE FIRE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE FIRE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the New York Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applications to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies. It also applies to fire districts.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation is not clear.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the Fire District and the holder thereof. Under current law, provision is made for contract creditors of the Fire District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Fire District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Fire District may not be enforced by levy and execution against property owned by the Fire District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Fire District, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Notes should the Fire District be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of the Notes to receive interest and principal from the District could be adversely affected by the restructuring of the Fire District's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Fire District (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Fire District under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature described below authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Fire District.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in the county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims against the municipality, including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which, upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply to fire districts nor, in general in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

No Past Due Debt. No principal of or interest on Fire District indebtedness is past due. The Fire District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial condition of the Fire District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Fire District’s control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or

otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions, thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Fire District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected. See “*Tax Levy Limitation Law*” herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See “TAX MATTERS” herein.

COVID-19

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added “disease outbreak” to the definition of “disaster” (which already includes “epidemic”) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the outbreak of COVID-19 might affect revenue streams supporting revenue bond debt of some public authorities, as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets, or state and local resources to meet their obligations supporting same.

The degree of any such impact to the Fire District’s operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Fire District and its economy. The Fire District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

CYBERSECURITY

The Fire District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Fire District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

LITIGATION

Except as otherwise set forth herein and apart from matters provided for by applicable insurance coverage, the attorneys for the Fire District are unaware of any claims or action pending which, if determined against the Fire District, would have an adverse material effect on the financial condition of the Fire District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Fire District, threatened against or affecting the Fire District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Fire District take with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Fire District.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The Fire District has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Recent legislative proposals generally would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or

enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe, LLP Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the Fire District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Fire District will provide an executed copy of its "Undertaking to Provide Notice of Certain Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Fire District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Fire District; (xiii) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Fire District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a "financial obligation" (as defined in the Rule) of the Fire District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Noteholders, if material; (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Fire District, any of which reflects financial difficulties.

Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (iii) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (iv) the Fire District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Fire District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction

over substantially all of the assets or business of the Fire District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Fire District.

The Fire District may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the Village does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Fire District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Fire District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Fire District to comply with the Undertaking will not constitute a default with respect to the Notes.

The Fire District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in consultation with nationally recognized bond counsel in a manner consistent with Rule 15c2-12 as then in effect.

RATING

The Fire District will not apply to Moody's Investors Service, Inc. ("Moody's") for a rating on the Notes.

Moody's has assigned a rating of "Aa3" to the Fire District's outstanding uninsured general obligation bonds.

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Fire District in connection with the sale of the Notes.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Fire District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinions or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any

of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Fire District management's beliefs as well as assumptions made by, and information currently available to, the Fire District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Fire District files with the repositories. When used in Fire District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Orrick Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Fire District, expressed no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the Fire District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the Fire District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Fire District.

The Official Statement is submitted only in connection with the sale of the Notes by the Fire District and may not be reproduced or used in whole or in part for any other purpose.

HARRISON WATER DISTRICT NO. 2 (FIRE
PROTECTION DISTRICT NO. 2)
WESTCHESTER COUNTY, NEW YORK

By: _____
Maureen MacKenzie
Fire District Treasurer

DATED: July __, 2021

APPENDIX A
THE FIRE DISTRICT

THE FIRE DISTRICT

General Information

The Fire District encompasses an area of approximately 6 square miles in the Town of Harrison (the “Town”). The Town of Harrison, which is coterminous with the Village of Harrison (the “Village”), has a land area of 18 square miles and a population of 27,998 according to the 2015 U.S. Census, is located in the southern portion of Westchester County approximately 25 miles north of New York City. The Village is adjacent to the City of White Plains and the villages of North Castle, Rye and Mamaroneck. The Village is divided into three principal sections: Purchase, West Harrison (Silver Lake) and Harrison proper.

Although primarily residential in nature, the Village is the site of the corporate headquarters of Morgan Stanley, Pepsico Incorporated and Mastercard Incorporated. The Village is also the site of several country clubs, the most prominent of which is the Westchester Country Club.

The Village is traversed by New York State Route 127, the Hutchinson River Parkway and Interstates 287, 684 and 95 (New England Thruway). The Metropolitan Transportation Authority (“MTA”), Metro-North Division, which operates a station in the Village, provides Village residents with electrified rail service south to New York City and to points north. Westchester County Airport, also in the Village, accommodates many corporate aircraft as well as daily scheduled flights by U.S. Airways, American Airlines and JetBlue.

Manhattanville College, Purchase College of the State of New York, Fordham University Graduate Center and St. Vincents Hospital are located within the Village. Also located nearby to the Village is White Plains Hospital.

Police protection is provided by the Village.

Transportation Oriented Development: After several years of negotiations, the Town/Village of Harrison has entered into a Joint Development Agreement (“JDA”) with Avalon Bay Communities, Inc. (“Developer”) and the Metro-North Commuter Railroad Company (“MTA/MNR”) that will result in the construction of approximately 143 luxury apartments, 27,000 square feet of retail space and two pedestrian plazas at the Metro-North Railroad station in the Central Business District of Downtown Harrison, New York. The project will increase parking availability for commuters by 85%. Pursuant to obligations outlined in the JDA, the Village of Harrison is in receipt of a conceptual plan from the Developer and the Land Disposition Agreement (“LDA”) is in the final phase of negotiations and signing of the LDA is believed to be imminent.

The Village is the new home of Memorial Sloan Kettering outpatient treatment facility, which opened in October 2014. Lifetime fitness, a premiere fitness corporation, opened its doors in February, 2014. The facility is considered a diamond, top rated, facility.

Form of Government

The Board of Fire Commissioners is the governing body of the Fire District and consists of four Board members, elected at large to serve four-year terms, plus the Chairman, who serves a two- year term and is also the Town Supervisor in a separate capacity. The Fire Commissioners, who are also Town Board members in a separate capacity, may serve an unlimited number of terms. The original issuance of all Fire District indebtedness is subject to approval by the Board of Fire Commissioners and subsequently by a vote by Fire District residents.

The Town Clerk also acts as the Fire District Secretary and as such is the custodian of the Fire District's records as well as the clerk to the Board of Fire Commissioners.

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Employees

The Fire District provides services through 13 full-time employees, who are represented by the following unit of organized labor.

<u>Number of Employees</u>	<u>Contract Organization</u>	<u>Contract Expiration Date</u>
13	Uniformed Firefighters Association	12/31/22

Source: Fire District Officials

Employee Pension Benefits

Substantially all employees of the Fire District are members of the New York State and Local Police and Fire Retirement System (the “PFRS”, referred to hereinafter as the “Retirement System”, where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new PFRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Firefighters who are members of PFRS are divided into four tiers. Retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%. Beginning July 1, 2013, a voluntary defined contribution plan option was made available to all unrepresented employees of New York State public employers hired on or after that date, and who earn \$75,000 or more on an annual basis.

The New York State Retirement System has advised the Fire District that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Fire District has prepaid its employer contributions each December since the option was made available in 2004.

For the five years 2016 through 2020, the Fire District's contributions to the PFRS were: \$452,493, \$468,976, \$470,461, \$445,512 and \$460,355 respectively. The Fire District has budgeted to contribute \$568,343 for 2021.

Due to significant capital market declines in the recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System in 2011 and subsequent years will be higher than the minimum contribution rate established by State law. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5% percent. The new legislation also authorizes local governments and school districts to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance. The Fire District did not establish such a reserve account.

Other Post Employment Benefits

The Fire District's post-retirement healthcare benefits and other non-pension benefits ("OPEB") are included in the Town/Village's GASB 75 report as part of the Town/Village and all of its special districts (although the Fire District is an independent political subdivision). At this time the Fire District's OPEB obligations have not been separated from the data. The Town/Village has determined that its actuarial accrued liability ("AAL") for OPEB as of December 31, 2019 was approximately \$220,390,188 using a discount rate of 2.75%. For the year ended December 31, 2019, the Town/Village's annual OPEB expense was (\$774,837). At this time, New York State has not developed guidelines for the creation of methods for the funding of OPEB. The Fire District continues funding the expenditure on a pay-as-you-go basis.

Service Awards Program

The Fire District established a defined benefit Length of Service Awards Program ("LOSAP" or the "Program") for the active volunteer firefighters of the Harrison Fire Department. The program took effect on January 1, 2020. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Fire District is the sponsor of the program.

This Program is a single employer defined benefit plan. An eligible Program Participant is defined to be an active volunteer firefighter who is at least 18 years of age and upon earning 50 or more points in a calendar year after 2000 under the provisions of the Program point system, is eligible to become a participant in the Program. Points are granted for the performance of certain activities in accordance with a system established by the Town on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 62 or the participant's age after earning 50 program points), shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$30 for each year of service credit, up to a maximum of \$1,200. The Program also provides disability and death benefits. The trustees of the Program, who are the members of the Fire District's Board of Commissioners, are authorized to invest the funds in authorized investment vehicles.

The Fire District is required to contribute the amounts necessary to finance the plan as actuarially determined using the attained age normal frozen initial liability cost method. The assumed investment rate of return is 3.65% and there are no cost of living adjustments. The Fire District budgeted \$160,000 to contribute to the Program for the fiscal year ending December 31, 2021.

FINANCIAL FACTORS

Budgetary Procedure

The Fire District Treasurer/Comptroller must submit the tentative budget to the Fire District Clerk no later than October 30 of each year. The Fire District Clerk then must present the tentative budget to the Board of Fire Commissioners and the Chairman of the Board of Fire Commissioners for review at a regular or special Board meeting held on or before November 10. In most instances, a public information meeting is also held in order to review the budget. The tentative budget with any changes is then presented as the preliminary budget at a public hearing held on or before December 10, as required by law. The Board of Fire Commissioners must then adopt the budget on or before December 20. The budget is not subject to referendum.

The Fire District can make budget changes within line account items at any point during the year. However, if funds are transferred from one account item to another, the transfer must be approved and formally changed by the Board of Fire Commissioners. This is a continuing process.

Independent Audits

The financial statements of the Fire District are audited by the firm of PKF O'Connor Davies, LLP, independent certified public accountants as a component of the Town/Village of Harrison's financial statements. Appendix B to this Official Statement presents a summary of the audited financial statements for the fiscal years ended December 31, 2015 through 2019, inclusive.

Basis of Accounting

The financial statements of the Town, which include the financial statements of the Fire District, are prepared on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded in the accounting period in which they are "measurable" and "available" to finance current operations. Revenues susceptible to accrual include real property taxes, services to other governments, intergovernmental revenues and operating transfers. Expenditures are generally recognized under the modified accrual basis that is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the general long-term obligations account group and recognized as an expenditure when due, (2) unmatured interest on general long-term debt which is recognized as an expenditure when due and (3) compensated absences which are charged to expenditures when paid.

Revenues

Property Taxes The Fire District derives substantially all of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B.) Property taxes accounted for 97.33% of total general fund revenues for the fiscal year ended, December 31, 2019.

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The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

Fund Revenues & Real Property Taxes

Fiscal Year Ended December 31:	Total Revenues	Real Property Taxes	Taxes to Revenues
2015	\$4,117,089	\$4,052,534	98.43%
2016	4,136,527	4,079,765	98.63
2017	4,240,853	4,116,505	97.01
2018	4,242,258	4,208,790	99.21
2019	5,172,194	5,033,928	97.33
2020 (Adopted Budget)	5,171,738	5,134,002	99.27
2021 (Adopted Budget)	5,166,499	5,128,763	99.27

Source: Audited Financial Statements and Adopted Budgets of the Fire District. Adopted Budget not audited. Summary itself not audited.

TAX INFORMATION

Valuations and Tax Data

The Fire District is responsible for levying taxes for operating purposes and debt service. Real property in the Fire District is assessed by the Town. See also “TAX LEVY LIMITATION LAW” herein.

The following table shows the trend during the last five years for taxable assessed valuations, state equalization ratios, full valuations, real property taxes and real property tax rates per \$1,000 assessed valuation within the Fire District.

Valuations and Tax Data

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$64,241,976	\$64,199,792	\$63,761,686	\$62,312,939	\$61,896,167
Equal. Ratio	1.60%	1.57%	1.54%	1.45%	1.47%
Full Value	4,015,123,500	4,089,158,726	4,140,369,221	4,297,444,069	4,210,623,605
Tax Levy ⁽¹⁾	4,116,505	4,208,790	5,033,928	5,134,002	5,128,763
Tax Rate per \$1,000 AV ⁽¹⁾	\$64.08	\$65.56	\$78.95	\$82.39	\$82.86

(1) Data reflects the Fire District.

Source: Town officials on behalf of the Fire District and the New York State Board of Equalization and Assessment.

Tax Collection Procedures

First half taxes are due on February 1st and are payable during the month of February without penalty. Penalties on first half taxes are 2% in March, 5% in April and May, 6% in June and July and 7% in August. Second half taxes are due in the month of June without penalty. Penalties on second half taxes are 2% in July, 5% in August, 7% in September, 10% in October, November and December and 12% thereafter. The Town collects taxes for the Fire District.

Largest Taxpayers of the Town/Village

The following table presents the taxable assessments of the Town's ten largest taxpayers for the 2021 fiscal year:

Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation⁽¹⁾</u>
Consolidated Edison Co.	Utility	\$ 3,699,818	2.91%
MS Harrison LLC	Corporate	1,514,100	1.19
Pepsico, Inc. ⁽²⁾	Corporate	1,404,470	1.10
Carraway Apartments	Residential	1,401,225	1.10
OCC Purchase LLC	Commercial	1,386,000	1.09
Mastercard International	Corporate	1,245,000	0.98
Westchester County	Airport Hanger	1,064,473	0.84
500 Mamaroneck Avenue LP	Commercial	639,775	0.50
2500/2700 Westchester Avenue	Commercial	575,000	0.45
Harrison Rye Realty	Real Estate	<u>573,170</u>	<u>0.45</u>
	Total:	<u>\$13,503,031</u>	<u>10.61%</u>

(1) The total 2021 assessed value of the Town is \$127,316,842.

(2) This taxpayer currently has a PILOT with the Town.

Real property subject to Town/Village taxation is assessed by the Town. Veterans' and Senior Citizens' exemptions are available for those who qualify.

FIRE DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

The New York State Constitution (Article VIII, Section 2) does not directly address a Fire District's power to contract indebtedness, and the levy of taxes upon real estate in support thereof (although Article VIII Section 3 thereof does include fire districts in its listing of types of municipal corporations in the State possessing the power to both contract indebtedness and to levy taxes upon real estate). The authorization and issuance of Fire District debt, including the purpose, amount and nature thereof, the method and manner of contracting such indebtedness, the maturity and terms of repayment thereof, the pledge of the faith and credit and other related matters are provided by statute.

The Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York limits the power of the Fire District (and municipalities, school and other fire districts of the State) to issue obligations and to otherwise contract indebtedness. Such limitations include the following, in summary form, and are generally applicable to the Fire District and the Bonds.

Purpose and Pledge The Fire District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. The Fire District may contract indebtedness only for a Fire District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. No installment may be more than fifty per centum in excess of the smallest prior installment unless the Fire District authorized the issuance of bonds

with substantial level or declining annual debt service. The Fire District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

Debt Fire District has the power to contract indebtedness for any Fire District purpose so long as the outstanding principal amount thereof shall not exceed three per centum of the full valuation of taxable real estate of the Fire District and subject to certain enumerated exclusions and deductions such as cash or appropriations for current debt service.

There is no constitutional limitation on the amount that may be raised by the Fire District by tax on real estate in any fiscal year to pay interest and principal on indebtedness. See "TAX LEVY LIMITATION LAW" herein as to statutory limitations.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the power and procedure for the Fire District to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including the General Municipal Law.

Pursuant to the Local Finance Law, the Fire District authorizes the issuance of bonds by the adoption of a resolution, approved by the members of the Fire District Board of Commissioners, the finance board of the Fire District and generally subject to mandatory referendum of the voters of the Fire District.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. Such obligations are authorized for a purpose for which the Fire District is not authorized to expend money, or
2. There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action, suit, or proceeding contesting such validity, is commenced within twenty days after the date of such publication, or
3. Such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Fire District complies with this estoppel procedure. It is a procedure that is recommended by bond counsel, but it is not an absolute legal requirement. The Fire District is in compliance with such procedure with respect to the Bonds.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not extend five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional and Statutory Requirements" herein.)

In general, the Local Finance Law contains provisions providing the Fire District with power to issue certain other short-term general obligation indebtedness including budget notes, capital notes, revenue anticipation notes, and tax anticipation notes.

Statement of Debt-Contracting Power
(As of July 16, 2021)

Full Valuation of Taxable Real Property		\$4,210,623,605
Debt Limit (3% of Full Valuation)		126,318,708
Outstanding Indebtedness ⁽¹⁾		
Bonds	\$700,000	
Bond Anticipation Notes	<u>0</u>	
Total Gross Indebtedness		700,000
Less Exclusions and Deductions		<u>0</u>
Total Net Indebtedness		<u>700,000</u>
Debt-Contracting Margin		<u>\$125,618,708</u>
Percentage of Debt-Contracting Margin Exhausted		<u>0.55%</u>

Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding for the last five fiscal years.

Direct Capital Indebtedness Outstanding

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Bonds:	\$30,000	\$815,000	\$800,000	\$750,000	\$700,000
Bond Anticipation Notes:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals:	<u>\$30,000</u>	<u>\$815,000</u>	<u>\$800,000</u>	<u>\$750,000</u>	<u>\$700,000</u>

(1) Unaudited.

Source: Audited financial statements of the Fire District. Table itself not audited.

Authorized But Unissued Debt

Following the issuance of the Notes, the Fire District will have no authorized but unissued debt.

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Overlapping and Underlying Debt

The real property taxpayers of the Fire District are responsible for a proportionate share of outstanding debt obligations of the County, the two school districts, and the Town. Such taxpayers’ share of this overlapping debt is based upon the amount of the Fire District’s equalized property values taken as a percentage of each separate units’ total values. The table below sets forth both the total outstanding principal amount of debt issued by the Fire District and the approximate magnitude of the burden on taxable property in the Fire District of the debt issued and outstanding by such overlapping entities.

Statement of Direct and Estimated Overlapping Indebtedness

Overlapping Debt

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>Fire District Share</u>	<u>Amount Applicable To Fire District</u>
Westchester County	\$903,852,566	03/31/2021	0.01%	\$ 90,385
Town/Village of Harrison	53,263,510	06/22/2021	48.62	<u>25,896,719</u>
Total Net Overlapping Debt				\$ 25,896,719
Total Net Direct Debt				<u>700,000</u>
Total Net Direct and Overlapping Debt				<u>\$ 26,596,719</u>

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Fire District’s outstanding bonded general obligation indebtedness for each fiscal year ending December 31.

Fiscal Year Ending <u>December 31st</u>	<u>Principal</u>	<u>Interest</u>	Total Principal & <u>Interest</u>
2021 ⁽¹⁾	\$50,000	\$19,363	\$69,363
2022	55,000	18,113	73,113
2023	55,000	16,738	71,738
2024	55,000	15,363	70,363
2025	55,000	13,988	68,988
2026	55,000	12,613	67,613
2027	60,000	11,100	71,100
2028	60,000	9,450	69,450
2029	60,000	7,650	67,650
2030	65,000	5,850	70,850
2031	65,000	3,900	68,900
2032	<u>65,000</u>	<u>1,950</u>	<u>66,950</u>
Totals	<u>\$ 700,000</u>	<u>\$ 136,078</u>	<u>\$836,078</u>

(1) For the entire fiscal year

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Debt Ratios

The following table presents certain debt ratios relating to the Fire District’s direct and overlapping indebtedness.

Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Full Value ⁽²⁾</u>
Net Direct Debt	\$ 700,000	\$ 51	0.02%
Net Direct & Overlapping Debt	26,596,719	1,954	0.63

(1) The population of the Fire District is estimated to be approximately half that of the Village of Harrison. According to the US Census Bureau, the 2019 population of the Village of Harrison was 28,943. The population of the Fire District is estimated at 13,612.

(2) The full valuation of real property located in the Fire District for the 2021 fiscal year is \$4,210,623,605.

Population Trends

	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2019</u>
Village	24,154	27,472	28,943	13.7%	(5.4%)
County	923,459	949,113	949,218	2.8	0.01
State	18,976,457	19,378,102	19,453,561	2.1	0.4

Source: U.S. Department of Commerce, Bureau of the Census. American Community Survey, 5-year estimate.

Comparative Housing, Income and Population Data

	<u>Village</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
<u>Housing:</u>				
Median Value Housing	\$824,300	\$513,300	\$293,000	\$193,500
<u>Income:</u>				
Per Capita Income	61,978	49,938	34,212	29,829
Median Family Income	117,453	89,968	62,765	57,652

Source: 2017 American Community Survey 5-year estimates.

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Selected Listing of Major Employers

<u>Employer</u>	<u>Type</u>	<u>Approximate No. of Employees</u>
Morgan Stanley	Corporate Headquarters	1,800
Pepsico, Inc.	Corporate Headquarters	1,500
U.S. Postal Service	Postal Mailing Facility	825
Mastercard, Inc.	Corporate Headquarters	800
Dansk International Designs	Distributor and Retailer	600
Diversified Investment Advisor	Investing Services	555
Consolidated Edison Co. of NY, Inc.	Utility	500
Citigroup	Corporate Headquarters	500

Source: Village Officials

Unemployment Rate Statistics

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2016	4.5%	4.3%	4.8%
2017	4.6	4.5	4.7
2018	4.0	3.9	4.1
2019	3.9	3.6	4.0
2020	6.6	8.4	10.0
2021: ⁽¹⁾			
Jan	5.9	6.6	9.4
Feb	5.8	7.0	9.7
Mar	5.1	6.2	8.4
Apr	4.7	5.6	7.7

(1) Monthly rates.

Source: New York State Department of Labor.

End of Appendix A

APPENDIX B
SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS

HARRISON WATER DISTRICT NO. 2 (FIRE DISTRICT NO. 2)
Summary of Budgeted Revenues & Expenditures
Special Districts Fund
Fiscal Years Ending December 31:

	<u>2020</u>	<u>2021</u>
<u>Revenues:</u>		
Real Property Taxes	\$ 5,134,002	\$ 5,128,763
Fire Protection Fees	1,936	1,936
Interest Earnings	4,000	4,000
Refund of Prior Year	30,000	30,000
Dental Reimbursement	1,800	1,800
Appropriated Fund Balance	-	-
Total Revenues	\$ 5,171,738	\$ 5,166,499
 <u>Expenditures:</u>		
Personnel Services	\$ 1,927,699	\$ 2,049,187
Equipment	120,930	107,820
Contractual Expense	1,165,300	910,250
Employee Benefits	1,787,196	2,029,878
Judgments & Claims	-	-
Debt Service	-	-
Interfund Transfers	170,613	69,363
Total Expenditures	\$ 5,171,738	\$ 5,166,499

Source: Adopted Fire District Budgets

HARRISON WATER DISTRICT NO. 2 (FIRE DISTRICT NO. 2)
Comparative Balance Sheets
Special Districts Fund
Fiscal Years Ended December 31:

	<u>2018</u>	<u>2019</u>
Assets:		
Cash	\$ 653,805	\$ 1,298,928
Accounts Receivable	-	-
Prepaid Expenditures	<u>164,550</u>	<u>160,631</u>
Total Assets	<u><u>\$ 818,355</u></u>	<u><u>\$ 1,459,559</u></u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Accrued Liabilities	<u>\$ 69,109</u>	<u>\$ 148,179</u>
Total Liabilities	<u><u>\$ 69,109</u></u>	<u><u>\$ 148,179</u></u>
Fund Balance:		
Nonspendable	\$ 164,550	\$ 160,631
Assigned	<u>584,696</u>	<u>1,150,749</u>
Total Fund Balance	<u><u>\$ 749,246</u></u>	<u><u>\$ 1,311,380</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 818,355</u></u>	<u><u>\$ 1,459,559</u></u>

Sources: Town's Audited Financial Statements. Table itself not audited.

HARRISON WATER DISTRICT NO. 2 (FIRE DISTRICT NO. 2)
Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Districts Fund
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Real Property Taxes	\$ 4,052,534	\$ 4,079,765	\$ 4,116,505	\$ 4,208,790	\$ 5,033,928
Departmental Income	1,936	1,936	1,936	1,936	1,936
Use of Money and Property	2,212	2,503	2,086	6,973	12,315
State Aid	8,144	-	-	-	2,500
Federal Aid	-	-	-	-	-
Miscellaneous	52,263	52,323	120,326	24,559	121,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 4,117,089</u>	<u>\$ 4,136,527</u>	<u>\$ 4,240,853</u>	<u>\$ 4,242,258</u>	<u>\$ 5,172,194</u>
EXPENDITURES					
Current:					
General Government Support	\$ 29,654	\$ 104,755	\$ 59,354	\$ 40,455	\$ 37,782
Public Safety	2,509,089	2,542,690	2,576,545	2,427,253	2,901,115
Home and Community Services	-	-	-	-	-
Employee Benefits	1,434,365	1,461,285	1,668,237	1,596,070	1,517,968
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 3,973,108</u>	<u>\$ 4,108,730</u>	<u>\$ 4,304,136</u>	<u>\$ 4,063,778</u>	<u>\$ 4,456,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>143,981</u>	<u>27,797</u>	<u>(63,283)</u>	<u>178,480</u>	<u>715,329</u>
Other Financing Sources					
Operating transfers in					
Operating transfers out	<u>(67,873)</u>	<u>(267,160)</u>	<u>(66,440)</u>	<u>(87,218)</u>	<u>(153,195)</u>
Total Other Financing Sources	<u>(67,873)</u>	<u>(267,160)</u>	<u>(66,440)</u>	<u>(87,218)</u>	<u>(153,195)</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	76,108	(239,363)	(129,723)	91,262	562,134
Fund Balance - Beginning of Year	950,962	1,027,070	787,707	657,984	749,246
Fund Balance - End of Year	<u>\$ 1,027,070</u>	<u>\$ 787,707</u>	<u>\$ 657,984</u>	<u>\$ 749,246</u>	<u>\$ 1,311,380</u>

Sources: Town's Audited Financial Statements. Table itself not audited.

APPENDIX C

**TOWN/VILLAGE OF HARRISON
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019***

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/SS1488574.pdf>

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. O’Conner Davies, LLP, has not been requested by the Fire District to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

FORM OF BOND COUNSEL'S LEGAL OPINION RELATED TO THE NOTES

August 10, 2021

Harrison Water District No. 2 (Fire Protection District No. 2)
In the Town of Harrison
County of Westchester
State of New York

Re: Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, County
of Westchester, State of New York
\$8,475,000 Bond Anticipation Notes, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$8,475,000 Bond Anticipation Notes, 2021 (the "Obligation"), of the Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, Westchester County, New York (the "Obligor"), dated August 10, 2021, numbered _____, of the denomination of \$[_____], bearing interest at the rate of [_____] % per annum, payable at maturity, and maturing August 10, 2022.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor for which the obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the obligor is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations. The enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including the City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the

Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP